

WISDOM MFI in Ethiopia

**Final Program Narrative Report
For the grant ending September 26, 2005**

**Submitted to the USAID Microenterprise Development Office by:
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Executive Summary

Introduction. The final report for the “WISDOM MFI in Ethiopia” USAID Implementation Grant Program cooperative agreement contains two parts: (1) the performance of WISDOM microfinance institution during 2005 and (2) the performance of WISDOM and World Vision for the entire USAID Implementation Grant Program cooperative agreement from September 26, 2001 to September 25, 2005.

WISDOM Performance in 2005. Portfolio growth has not been as large as management planned. Low demand for loans during the harvest season is one of the reasons. Active clients are 27,388 against management targets of 30,551. While the actual exceeds the IGP target, management had planned for greater growth. The percentage of female clients has grown to 47% up from 44% in the previous quarter. Portfolio at risk over 30 days is at 5.3% and is slightly over the target of 5%.

Four Year Performance under the IGP cooperative agreement. Under the first objective – **Modify and expand credit services**, WISDOM exceeded the 22,000 **active client** target by 5,388 at 27,388. At 47% **female borrowers**, WISDOM was slightly under the 50% target. WISDOM exceeded the gross loan portfolio target of \$2.5 million with an outstanding portfolio of \$3.1 million.

Under the second objective – **Improve financial performance**; WISDOM was able to achieve 108% operational self-sufficiency as compared to a target of 107%. Through maintaining a tight control on costs, WISDOM was able to accomplish this level of operational self-sufficiency without increasing the effective interest rate as much as it had planned.

Regarding the third objective – **Improving WISDOM’s savings products to attract more savings / Pilot test a new savings product** – WISDOM was able to exceed its targets for active savers at 3,800 proposed, but with 5,242 actual savers.

Concerning objective four – **Capacity Development Plan / Improve Program Management** – WISDOM was able to hire key management staff including a Marketing and Evaluation Coordinator and a Human Resources Manager. The final evaluators recommended that WISDOM provide more training to incoming staff, especially Credit Officers. Management has responded by increasing the training that head office staff provides to the branch offices in credit methodology and new savings products. The World Vision US grant manager provided monthly teleconference technical assistance plus annual technical assistance visits. At the final technical assistance visit in September 2005, the focus was on staff training. Over 50 Credit Officers, Branch managers, and head office staff were trained in portfolio quality and reducing delinquency.

Financial Reports. According to the Financial Status Report the total US Federal Government outlay for this cooperative agreement was \$1,290,419 as compared to an authorization level of \$1,201,586. This leaves a balance of \$1,167.

Conclusion. WISDOM and World Vision have been able to successfully complete the USAID Implementation Grant Cooperative Agreement. Key targets of each of these scale up objectives have been met or exceeded including active clients, average loan size, loans outstanding, operating cost ratio, and operational sustainability. WISDOM management is working on a number of action steps that have been developed following the final evaluation to improve services to WISDOM’s clients.

Introduction

This report presents the performance of the WISDOM Microfinance Institution for the USAID Implementation Grant Program for the period ending September 30, 2005. The report consists of two parts. The first part covers 2005 ending September 30, 2005 and the second part presents performance report for the period from October 2001 to September 26, 2005.

I. Performance Report for the Year Ending September 30, 2005

1.1 Overview

WISDOM has performed well in achieving the goals of IGP in its final program year that ended on September 25, 2005. WISDOM was successful in achieving its targets, except for being slightly below the portfolio quality target. WISDOM's management has set targets for 2005 that are higher than the IGP cooperative agreement targets. In this part that covers 2005 the targets are management targets that, in many cases, exceeds the IGP targets. In the second part of the report, the IGP targets and the variance from the IGP targets are explained.

The institution has undertaken its operations during the year with a focus on the following key strategic objectives.

The key strategic objectives for the budget year (January – December) are:

- Significant growth (50% in portfolio and 50% in borrowers in 2005)
- Improving portfolio quality
- Undertaking financial intermediation (saving mobilization)
- Attainment of operational sustainability

Summary of Key operational results for the Year To Date:

Key Ratios	YTD results	YTD-end Targets
1. Portfolio Growth	42.8%	50%
2. Active clients growth	37.5%	50%
3. % of female clients	47%	60%
4. Loan balance in balloon loans	42%	44%
5. Voluntary saving Mobilized	\$63,873(7.4%)	\$78,584
6. Portfolio @ Risk> 30 days	5.3%	5%
7. Loan loss rate	2.8%	3%
8. Portfolio Yield	26%	27%
9. Operating cost ratio	20%	23%
10. Operational sustainability	108%	113%

1.2 Detail Description of Accomplishments in 2005:

1.2.1 Program Activities and Outreach:

a) Credit Activity:

- i. A total of br.4,781,555 (US\$3,087,602) has been disbursed to 18,548 clients during the period. The actual loan value of loans disbursed is below the target by 10% and the number of clients received loan is 3% under the target set for the

period. This is particularly attributed to the low demand of loan during harvest season that extends from January through March.

- ii. Analysis of the lending methodology in terms of the number of clients that received loans and the value of loans disbursed indicates that solidarity group lending is the primary methodology during the period. The low percentage in the community banking methodology is attributed to the shift from agricultural loans with balloon payments, which are basically disbursed through community banking. Details of the clients who received loans in terms of methodology is as follows:

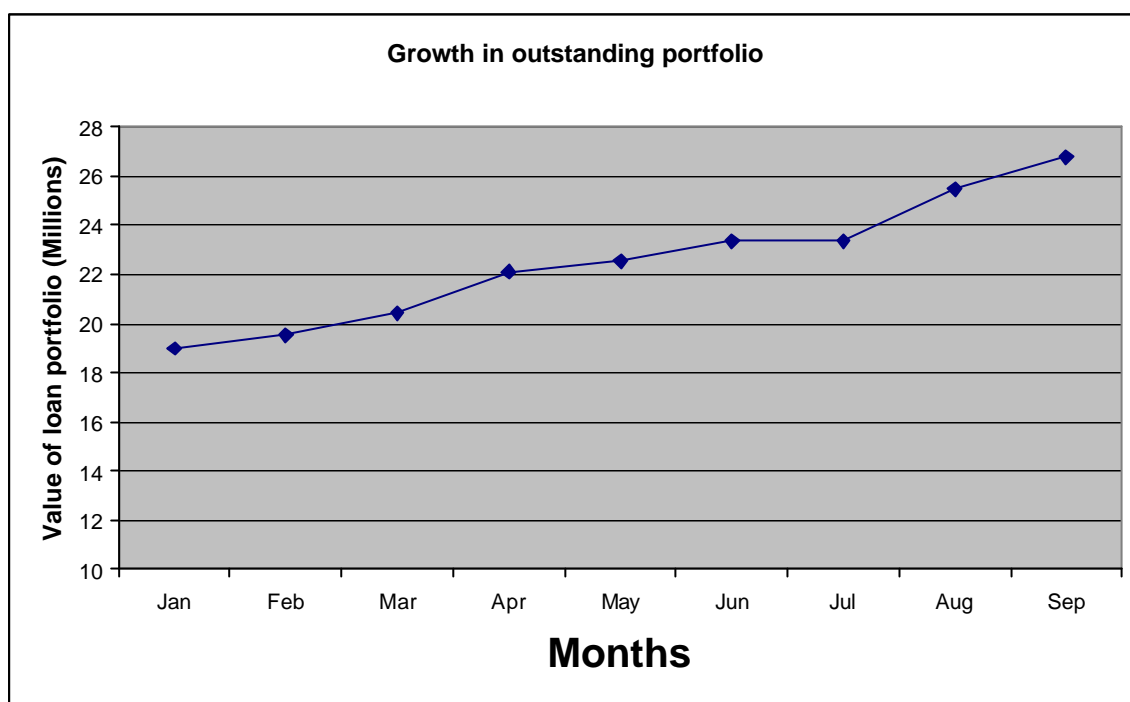
	# of clients	portfolio
a. Individual lending.....	35%	35%
b. Solidarity groups.....	42%	40%
c. Community banking.....	33%	25%

b) Loan Portfolio:

- i. The loan outstanding balance, as on September 30, 2005 was br.26,781,555 (US\$3,087,602) in 8,582 loans. Compared to the target for the year, the institution has been able to achieve only 89% of its loan outstanding target for the period. The difference is attributed due to disbursing only 91% of its target for the period where shortage of funds was the main reason. Actual average loan size during the year, however, is exactly equal (95.6%) to the average loan size target, which is Br 1,243 (US\$143).

c) Growth in Portfolio and Borrowers:

- i. Portfolio growth is during the year period is 43.1% which is lower than the target of 50% for the period. Shortage of loan funds and recent political instability might contribute to lower achievement of portfolio growth during the period. Though the growth is lower than the target, the institution is achieving significant increase, 43.1%, in loan portfolio, which is attributed due to improved performance of staff in loan disbursement and expansion into secondary towns with individual loan product.



c) Portfolio Mix:

- i. Portfolio mix analysis by sectoral activities indicates that 58% of the loan portfolio is invested in microenterprises that are in commerce, trade, service, production and agri businesses. The accomplishment in terms of portfolio diversification is positive and consistent with the institution's strategy of maintaining diversified loan portfolio in different sectors with a significant shift from agricultural balloon loans. A detailed percentage of loan portfolio distribution in sectoral activities are as follows:
 - Loan balance in commerce/ trade.....35%
 - Loan balance in service businesses.....19%
 - Loan balance in production /agri-business3%
 - Loan balance in agriculture.....43%

d) Active Clients:

- i. The total number of active clients at the end of the period is 27,388, which is 90% of total active clients target of 30,551 for the period. Distribution of the active clients in lending methodologies indicates that 38% are in community banking, 40% in solidarity groups and 22% in individual lending methodologies. The rise in individual lending methodologies is attributed to the consumer and microenterprise loans provided on individual basis.
- ii. Active rural clients in the World Vision Area Development Programs (ADPs) comprise 69% of the total clients while the other 31% are clients in nearby secondary towns in non-ADP areas. The institution has made significant accomplishments in addressing the significant number of urban clients through streamlining its loan products.
- iii. Growth in borrowers for the period is 37.5%, which is below target when compared to 50% growth of the period. The reason for lower target achievement

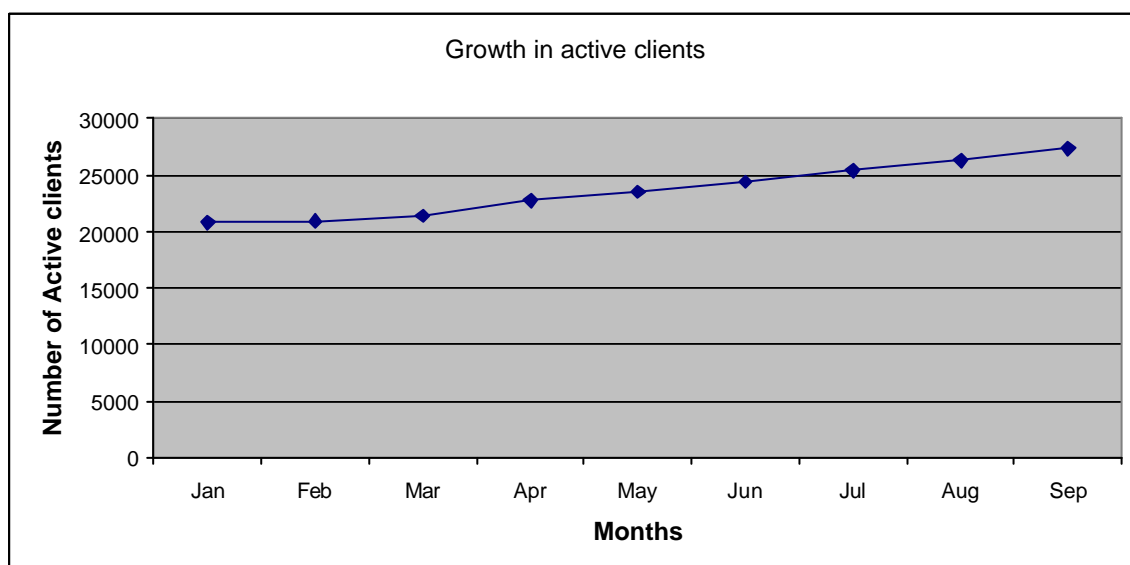
is similar to that of loan portfolio, whereas, the institution has attained an increase of 37.5% in growth of active clients when compared to the previous year end.

f) Poverty lending:

- i. The number of active women clients is 12,740, which is 47% of the total active clientele. The institution is still keeping growing its active women client population though it is still below the target of 60%. There are improvements in targeting women clients in loan disbursement and this has contributed to the increase in the percentage. This increase is evident as the percentage of female borrowers was last quarter was 44% while for this quarter is 47%.
- ii. With the value of loan less than Br 2,500 (\$300) as a poverty loan, the institution has achieved disbursing its 92% of total clients in this category. A total of Br 26,121,068 (\$3,015,245) loan has been disbursed in poverty lending, which consists of 76% of total loan disbursement.
- iii. The minimum microenterprise loan size provided during the year is Br.100 (US\$12) while the maximum was Birr 15,000 (US\$1,731).

g) Average Loan size:

- i. The average outstanding loan size for the period is Birr 978 (US\$113), which is below the target average outstanding of Birr 985 (US\$114). This basically shows that the institution is currently serving poor clients from the lower economic strata. With the increase in individual loan disbursement, the institution has achieved growth in average outstanding loan size as compared to the previous year end. Management is considering increasing loan sizes in different cycles based on the findings from client satisfaction surveys and field assessments.

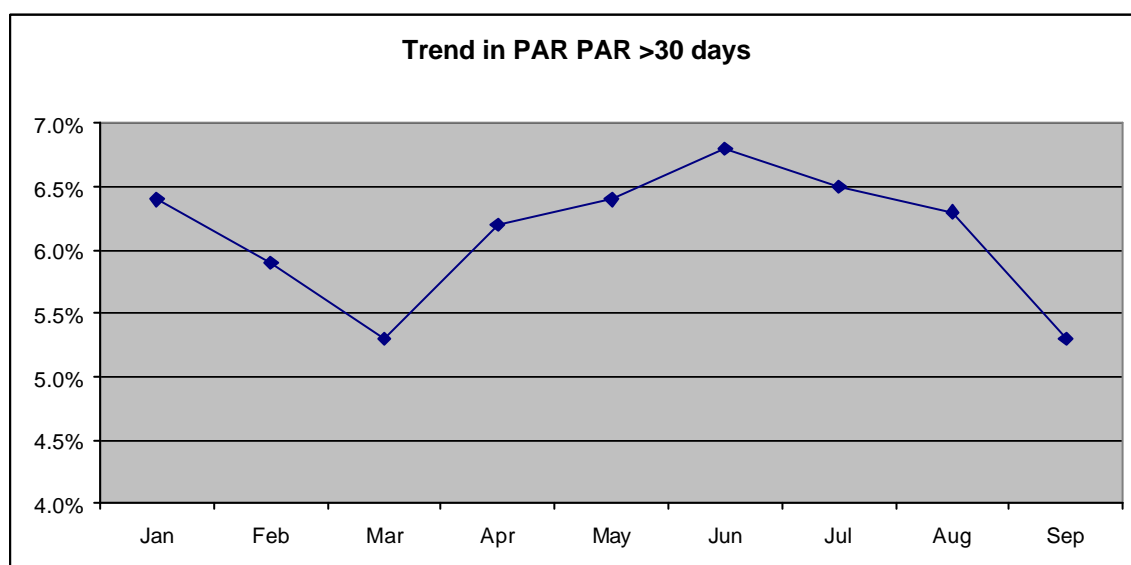


h) Savings Activity:

- i. The total clients' saving at the end of the period is Br 7,452,624 (US\$860,282) out of which Br 553,331(US\$ 63,873) is in voluntary saving. The saving mobilization accomplishment has showed an increase above the target. This is basically due to significant growth in compulsory saving mobilization exceeding the target by more than 69% of the target.
- ii. Compulsory saving depositors are group loan clients with no access to their deposit while they are with unpaid loan balance. Management is considering a policy shift to drop compulsory savings in order to promote voluntary saving by borrowers in their individual passbook accounts. The voluntary saving product, which will be piloted next year, is expected increase the volume the voluntary saving.

i) Portfolio Quality:

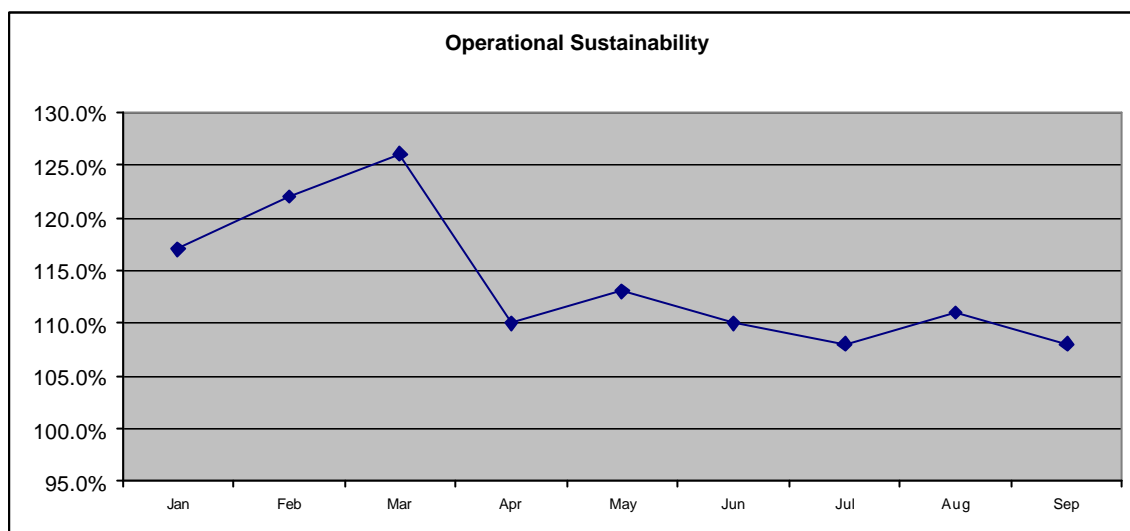
- i. Portfolio at risk rate for loan balances overdue more than 30 days is 5.3%, which is slightly higher than the target 5%. Management has met with credit staff to implement a number of measures to improve portfolio at risk over 30 days to below 5%.
- ii. The total amount of loan written off during the period is Br.641,026 (US\$73,996) and the loan loss rate during the period is 2.8%. This is positive as it is slightly lower than the plan of maximum 3% loan loss rate for the period. Management has taken appropriate action to lower arrears rate and facilitate legal enforcement.
- iii. A total of Birr 142,185 (US\$ 16,397) has been recovered during the period from the loans that have been written off.



2.2 Financial Performance

- i. The total financial revenue generated during the period is br. 4,884,344 (US\$563,251) for the period. The actual revenue for the year is 80% compared to the target revenue for the period. The difference is attributed to low loan disbursements, which lowers interest income target.
- ii. The portfolio yield for the period is 26% during the year, which is positive compared to the target of 27% for the period. The improvement in portfolio yield is attributed mainly to significant loan disbursements to microenterprises that repay on regular installments.

- iii The operating expense for the period is br.3,333,115 (US\$384,364). The actual expense for the period is 83% of the budget for the period. The Operating Cost Ratio (OCR) for the period is 20%, which is positive compared to the plan of 23% for the period. This indicates that the institution is operationally efficient as evidenced by low OCR and a track record of a low operating cost ratio during the past many years.
- iv. The operational and financial sustainability for the period are 108% and 95% respectively. The accomplishment in both cases is below the target of 113% and 107% for the period.



2.3 Human Resources:

- i. The total number of staff as on September 30, 2005 is 194 out of which 176 (91%) are filed staff in sub branch/ Branch offices and the remaining 18 (9%) are management and support staff at the head office.
- ii. Total number of credit officers and field assistants are 78, which is 40% of the total staff. The Full Time Equivalent (FTE) credit officers are 20. The ratio of the credit officer appears lower due to the fact that the number of security guards in several sub branches inflated the institution total number of staff.

ii. Staff Training:

- The General Manager attended a one-week Regional MED workshop held in Nairobi, Kenya.
- The Marketing and Evaluation coordinator have attended marketing courses at MicroSave in Nairobi, Kenya.
- The HR and Administration Senior Officers attended a two-week workshop organized by Management Institute held at Debrezeit, Ethiopia.
- The finance manager has participated in the working group of the National network of MFIs in the development of financial manuals for MFIs.
- A three days training on delinquency management was held to operation staff at head office and branch staffs.
- Three management staffs attended a two weeks course at Summer school of World Vision (WV).

- Two members from the Board of Directors has attended a two weeks course at the School of Microfinance in Turin, Italy.
- A staff from Training and Administration section has attended a one week course on HR held at Arusha, Tanzania.

2.4 Assessments:

- i. Market assessment within the existing and new operational areas to assess market potential and product preference.
- ii. Market research has been conduct for the development of voluntary saving product at three existing sub-branches. The report from the market research shows that there is a strong demand, as most of the areas have no access to banking services. The product will be piloted in these sub-branches in the next quarter before being rolled out.
- iii. Data collection from withdrawing clients was collected on a regular basis to know why clients are leaving the institution and to minimize the dropout rate. Analysis of data is underway and to be finalized in the near future.
- iv. The amendments of the Partnership Agreement and legal documentation of changes in the corporate documents have been finalized with the National Bank of Ethiopia and the Notarization office.
- v. Final IGP evaluation has been held with external evaluators.
- vi. Impact of Microfinance on child labor has been studied at discussing with clients & their children at Adama.

II. Challenges and Issues:

Lack of funding to sustain growth. With the end of the IGP in September 2005, WISDOM needs to develop additional funding sources. While it is operationally sustainable, it still needs additional equity injections for growth.

III. Goals for the Next Year:

Major goals for 2006 include the following:

1. Undertake expansion the following expansion in each branch:
 - Adama Branch: Debrezeit, Mojo, Ziway and Wonji,
 - Awassa Branch: Yirgalelem, Shashemene
 - Combolicha Branch: Bati
 - Hosaena Branch: Silitie and Butajira
2. Start operations at Jeju, Kotchere and Omosheleko ADPS
3. Continue undertaking implementation of recommendation of the Institutional Assessments, NBE, Micro Rate and Audit reports
4. Undertake a loan disbursement of br 37.5 million (US\$4.34 million) to 28,800 clients to maintain loan portfolio size of br. 43.5 million (US\$ 5

million) and active clients of 40,000 with portfolio at risk and loan loss rate of less than 5% and 3% respectively.

5. Undertake refinement of loan, saving and insurance products to improve client retention, portfolio quality and women ratio.
6. Pilot testing the voluntary saving products to reach 7,832 depositors and mobilize voluntary saving of Br.680,890 (US\$ 78,680).
7. Improve women client intake to reach 60% proportion of active clients.
8. Consolidate financial sustainability position of the institution.
9. Review existing policy manuals, salary scale and benefits
10. Undertake intensive quarterly staff training programs and marketing training for field personnel

II. Summary of Progress in the IGP implementation from 2001 to 2005

2.1 IGP Objectives and achievement

The “WISDOM MFI in Ethiopia” had several objectives at the start of the USAID IGP. The final evaluation of the “WISDOM MFI in Ethiopia” IGP Cooperative Agreement has showed that WISDOM has achieved its objectives. The objectives of the IGP is listed in the table below.

Objectives			
	<u>Business Plan</u>	<u>Attachment 2 Program Description</u>	<u>World Vision Sub-agreement</u>
Objective #1	Scale-up WISDOM's services to more saturate the economic zones where the institution is currently operating	Modify and expand credit services	Modify and expand credit services
Objective #2		Raise interest rates	Improved financial performance
Objective #3	Improve WISDOM's savings products to attract more savings	Pilot test a voluntary savings product	Pilot test a voluntary savings product
Objective #4	Capacity development plan	Improve program management	

2.1.1 Objective 1 - Modify and expand credit services

WISDOM successfully completed this objective, now serving 27,388 clients in the Southern, Central and Northern regions of Ethiopia. WISDOM has grown from 16 sub-branches in three regions and has expanded by 10 sub-branches into adjacent non-ADP areas. One of these, the proposed targets in the business plan and program statement and WISDOM's achievement are shown in the Table below.

Objective 1 Targets		
<u>Target</u>	<u>Proposed</u>	<u>Achieved as of</u>

		<u>30 Sept. 2005</u>
Active Clients	22,000	27,388
Percentage Female Borrowers	50%	47%
Average Loan Size	\$ 111	\$113
Number of Loans with Initial Balance > \$300	4,450	7,963
Gross Loan Portfolio	\$2,451,306	\$ 3,087,602
Portfolio at Risk > 30 days	5%	5.3%
Cost Ratio (Operating Expense Ratio) ¹	22.5%	20%
Loan Officers	43	78
Loans/Loan Officers	512	351

Also, this objective included the diversification of risk away from WISDOM's traditional community banking (CB) agricultural loan (with a single balloon payment) to a mix of agricultural loans and business loans (with several, regular payments or "installments"). WISDOM now offers six loan products including: Agricultural, Agri-business, Business, Enterprise, Individual, and Consumer. WISDOM has been able to disburse a total of \$10,053,954 to 84,324 clients during USAID IGP period September 2001 through September 2005.

WISDOM is slightly under its targets for expanding services to women. However, it has made significant efforts at achieving its target of 50% and developed a plan to do so. It has increased its percentage of female clients from 44% to 47% from June 30 to September 30, 2005.

As noted in the final external evaluation, a number of activities are being undertaken to achieve the objective of a minimum of 50% of female clients in the total clientele. The activities are:

- Hiring more female Credit Officers
- Including a female percentage in the incentive scheme
- Capacity building and training
- Entrepreneurship training for clients
- Refining products and undertaking client satisfaction tests with focus on women
- Monitoring female percentage in client intake

According to the final evaluation, "WISDOM's 20% operating expense ratio compares favorable to its African peers' of 28%, showing that WISDOM is very efficient when compared to its peers. WISDOM has a very lean operation with thin management, minimal infrastructure, and a low back office staff compared to field staff. The introduction of deposit-taking will likely cause this ratio to rise with investments in communication and infrastructure."

WISDOM's portfolio at risk (PAR) > 30 days has remained above the targets and World Vision standards. The result as of September 30, 2005 is 5.3%. WISDOM have taken several steps to reduce the rate, including taking cases to the court. Following the final evaluation and the final USAID IGP technical assistance trip, WISDOM and World Vision US conducted a two-day training seminar on reducing delinquency in September. The seminar has helped more than 40 middle management and credit officers, who participated in the training, to discuss on major causes of delinquency and come up with recommendations to

¹ Defined as personnel and administrative expenses/average gross loan portfolio. It does not include financial costs or loan loss provision expenses.

improve the quality of portfolio by branch. As a result of the meeting a number of action steps have been developed and is attached as the summary of the analysis in Appendix A.

As a response to the final evaluators' recommendations, WISDOM is increasing its training in the field with quarterly training workshops led by head office staff. On site training has also continued to be given by head office staffs and technical assistance by the operations department.

2.2 Raise interest rates/Improve financial performance

The final evaluators stated, "WISDOM has successfully improved financial performance without a significant increase in interest rates." Below are the targets and actual results as of September 30, 2005 associated with Objective 2:

Objective 2 Targets

<u>Target</u>	<u>Proposed</u>	<u>Achieved</u>
Operational Self-Sufficiency	106.9%	108%
Increase Effective Interest Rate	36%	27%

As stated by the final evaluators, "Competition has left WISDOM with little room to raise interest rates. In the regions visited by the evaluators, government-supported MFIs are charging significantly lower rates than WISDOM; the competition charges 15-18% declining without fees compared to 12.5% - 15% flat with 4% fees up front charge by WISDOM."

WISDOM achieved operational 108% self-sufficiency as of September 30, 2005. WISDOM has accomplished this through a remarkable 20% operating cost ratio. However, WISDOM will increase its financial expenses in 2006 through borrowing. Thus, WISDOM's management will need to keep a tight rein on spending and improve portfolio quality in order to improve financial sustainability.

2.3. Improve WISDOM's savings products to attract more savings/Pilot test a new savings product

WISDOM has introduced a voluntary savings product and is now planning to add additional savings products. The new product enables WISDOM to mobilize savings from the general public. These funds can then be on lent to clients. The final evaluators cautioned WISDOM to implement these new products with a thorough roll out and extensive training of staff. WISDOM has accepted these recommendations and plans to pilot test the new saving products and systematically roll out with intensive review and training of field staff.

Objective 3 Targets

<u>Target</u>	<u>Proposed</u>	<u>Actual</u>
Active Savers (Voluntary)	3,800	5,242
Savings Mobilized (Voluntary & Compulsory)	\$201,784	\$806,282

WISDOM has successfully achieved its IGP target in the number of savers and the value of saving with the compulsory and voluntary saving products currently in place. The table above shows the achievement in this regard. The MFI's management intends on increasing this amount in 2006. As mentioned previously, WISDOM's management is also analyzing possibly dropping the compulsory savings requirement for some credit products.

2.4. Capacity Development Plan/Improve Program Management

WISDOM proposed a number of activities under this objective. As indicated in the final evaluation, the most significant activities are listed in the table below and show that WISDOM faithfully carried out the activities under this objective.

Objective 4 Targets

<u>Target</u>	<u>Source</u>	<u>Achieved</u>	<u>Source</u>
Hire Operations Manager	Program Description	Hired 2/2003	Interview
Implement Internal Audit	Program Description	Partial	Internal Control Manual, Reports
Hire Operations Auditor ²	Program Description	Achieved	Interview
Hire Auditors for North and South Branches	Program Description	Pending	Interview, Reports
Add third credit officer at sub-branch level	Program Description	Achieved	Interview
Staff Training at every level	Business Plan	See Annex G	HR Reports
Open a Central Branch	Program Description	Revised	Semi-annual reports, Interview
Hire Branch Manager	Program Description	Achieved	Semi-annual reports, Interview
Hire Branch Accountant	Program Description	Achieved	Semi-annual reports, Interview
Technical Assistance from WV, Inc.			
Feedback on Quarterly Statements	Business Plan	Done	Monthly phone call reports
Technical Materials Provided	Business Plan	Microfin, Boulder, MicroSave WV Summer School	Interviews
Grant Management	Business Plan	Done	Interviews
Annual TA Visit	Business Plan	Done	Trip Reports
MF Best Practices Workshop	Business Plan	WV Summer School	Interviews
Community Banking Workshop	Business Plan	Exchange visits	HR Reports
MIS Services	Business Plan	In process in 2005	Interview WVI
Annual MicroRate Evaluation	Business Plan	Completed 2003 & 2004	MicroRate Report

Hire key staff

WISDOM has hired all of the key personnel indicated in the Business Plan as well as two additional members of the management team, a Marketing and Evaluation Coordinator and a Human Resources Manager. These hires significantly increase the ability of the head office to provide services to the branches and the sub branches.

² This refers not to an internal auditor, but an internal controls advisory. This manager left in 2004 and has now been replaced by an independent internal auditor.

Staff training

As indicated by the final evaluation, “thirty-six WISDOM staff members have attended some type of external training ranging from (World Vision International’s) WVI’s summer school for the general manager to exchange visits for Credit Officers (COs) and Branch Managers to other MFIs in East Africa. In addition eighteen staff have had the opportunity to participate in a distance learning degree, including 11 credit officers, 4 branch-level staff, and 3 headquarters staff. These are paid for by WISDOM.”

The final evaluators further cite, “despite the high number of trainings, the evaluators note that orientation and new product training has not been adequate for field staff. Delinquency problems and the inconsistent (or lack of) implementation of new products is another indication. Training for in-coming COs consists primarily of working with senior COs in the field with supervision from the Branch Manager. WISDOM does not have established training materials or courses, rather it relies on its operations manual and on-site visits by the Operations Manager.”

Since the final evaluation WISDOM management have addressed these gaps in training by providing more consistent training for in-coming staff, especially Credit Officers. As mentioned earlier, quarterly field training will include training on both credit and savings products.

Establish branches and sub-branches

As noted in the final evaluation, “WISDOM is highly decentralized. Rather than follow its plan to operate through three regional offices (adding the Central to the North and South), WISDOM has a network of 26 sub-branches that are connected through 8 branches. This results in part from its origins as a program to support (World Vision Ethiopia’s) WVE’s ADPs.” Further, “Despite the high number of branches and sub-branches, WISDOM’s infrastructure, facilities and staffing is lean. Sub-branches may consist only of two or three persons (CO, Accounts Clerk, Guard), but may reach ten or more by adding COs and (Field Assistants) FA/Tellers.”

Also from the final evaluation, “There is no plan to turn these data points into management offices at present, but WISDOM will need to reevaluate the appropriateness of its current organizational structure with the improvement of communications technology and infrastructure in certain regions.”

In response to these observations, WISDOM’s management is thinking through possible management structures that will better fit the needs of clients and sub branches. With the implementation of a new Information System, eMerge, WISDOM management is faced with a number of decisions on structure.

2.5. Technical Assistance:

2.5.1 The World Vision US Microenterprise Development (MED) Team Leader, Dan Norell has provided regular technical assistance through a monthly regular telephone conference call. In addition, he has provided delinquency management training to the staff of WISDOM during the most recent technical assistance trip. Dan Norell traveled to Ethiopia September 12 – 24 with several objectives:

- Develop with the WISDOM staff action steps in response to the final USAID Implementation Grant Program evaluation for the grant “WISDOM MFI in Ethiopia.”
- Further develop the GDA proposal with buy-in from USAID Ethiopia and corporate partners.
- Strengthen World Vision Ethiopia’s Access to Markets programming through field visits.

As mentioned previously, a two day staff training on delinquency, credit products, and savings products was a part of this technical assistance visit. Appendix A has further detail on the out puts of the training.

- 2.5.2 World Vision’s Africa MED Director, Sammy Mwangi provided technical assistance and follow up with outstanding governance issues. He has provided technical assistance on scaling up WISDOM’s services
- 2.5.3 World Vision’s East Africa MED Training Manager, Dr. Richard Reynolds, has provided technical support through his regular visits and through emails & telephone on scale-up issues and product development.

2.6 Financial Reports

The Financial Status Report is found in Appendix C. This shows the total outlay of Federal funds as \$1,290,419. This can be compared to an authorization level of \$1,201,586. This leaves a balance of unobligated Federal Funds of \$1,167.

The Inventory Report can be found in Appendix D. This report shows capital equipment of \$7,346.26 that remains at the end of the cooperative agreement. Also World Vision subgranted lending capital to the local microfinance institution Wisdom for use as loan capital. Ownership transfers to WISDOM, the microfinance institution, for both the capital assets and the loan capital.

III. Conclusion

WISDOM and World Vision have been able to successfully complete the USAID Implementation Grant Cooperative Agreement. Key targets of each of the scale up objectives have been met or exceeded including active clients, average loan size, loans outstanding, operating cost ratio, and operational sustainability. WISDOM management is working on a number of action steps that have been developed following the final evaluation to improve services to microentrepreneurs even more.

Appendices

Appendix A	Analysis of Action Steps based on the Final Evaluation
Appendix B	Simplified financial and operational reports (Table a and b)
Appendix C	Financial Status Report – Standard Form 269
Appendix D	Inventory Report

Appendix A
Analysis of Follow –up Steps From the Final Evaluation

As a response to the USAID IGP Final Evaluation Review, WISDOM **head office** staff developed the following action steps:

COMMENTS	ACTION STEPS
1. Customer orientation and superior service.	
	Comm. Credit Officers say 1 month saving period is too long. Operations Department still wants the CO to know the clients' behavior and savings pattern. Reinforce the 4 savings period with staff in the Operations Manual (page 20-21, section 7.1.5) Act step. Operation will review the manual
a. Maintain/monitor/improve on-time disbursement and replenishment	Comm. CO needs to tell the client before the end of the first loan to apply for the subsequent loan at least one week before. Act step. Operations Department will train Branch Managers who will train the CO. In collaboration with the Training Department, build capacity for Branch Managers to train the CO in formal and informal training sessions. Act step. Operations Department will ask in the monthly written report the number of days of training, the number of persons trained, and the topic of training, improvements of CO performance to follow Operations Manual and increase number of clients and improved portfolio quality.
b. Add sufficient flexibility to products to meet good clients' needs.	Comm. Operations Manual needs to be updated bi annually rather than annually. Issue is the declining balance in business loans. Act step. WISDOM will refine existing products to be flexible.
c. Provide better training to Credit Officers.	Comm. Quarterly branch and sub branch trainings will include new products, policies, and procedures. Each branch/ sub branch will be required to have at least 1 day of training each quarter. Act step. Head office Operations and Training staff will co-train with the branch manager at least 4 branches / sub-branches in a quarter.

COMMENTS	ACTION STEPS
d. Provide better training to groups to manage themselves to collect data.	<p>Comm. In quarterly trainings ask high performing credit officers to explain how they capacitate their groups to manage themselves. Use positive deviance to change behavior. Use 20-40-80 rule where people remember 20% of what they hear, 40% of what they hear and see, and 80% of what they hear, see, and experience. Use roles plays.</p> <p>Act step. Operation will review current client training system and will follow-up implementation</p>
e. Be aware of client complaints or stress	<p>Comm. Need to devise a client complaint and suggestion format on the monthly reporting. Amend the operations manual to have branch / sub-branch managers report on complaints. Managers need to meet with clients and try to solve the problems raised by the clients. If the complaint is a policy issue then the manager needs to pass it to the head office. Head office needs to tell branch managers they are the problem solvers.</p> <p>Ask branch and sub-branch managers to facilitate at least one focus group discussion using the SEEP-AIMS customer satisfaction tool. (www.seepnetwork.org) HQ Ops staff would also be required to have one focus group discussion each quarter.</p> <p>Act step. WISDOM is collecting data from withdrawing clients to know why they are leaving and will add FGD sessions to know & respond to clients' complaints.</p>
f. Study loan procedures through process mapping.	<p>Comm. Operations Department will study process mapping. Consultant or intern student could assist this.</p> <p>Act step. Marketing will conduct process mapping to deliver fast and efficient financial services.</p>

COMMENTS	ACTION STEPS
g. Set standards for customer service	<p>Comm. Consider 360-performance evaluation for branch managers to include feedback from credit officers.</p> <p>Act step. Operations Department will develop additional standards.</p> <p>Comm. Identify key activities that are important to the MFI's performance. Take time, quality, and cost indicators. Use performance appraisals. For Headquarters' service to the branch, have a specified number of days for a task.</p> <p>Act step. HR department and Operations Department will work on this. HR will be point.</p>
h. Develop on-going systems to capture and analyze customer feedback.	<p>Comm. Monthly branch management reports will ask for complaints and solutions at the branch or MFI level.</p> <p>Act step. Marketing will collect and analyze data on customer's feedback.</p>
2. Develop a strong corporate brand and identity.	
a. Improve office locations.	<p>Comm. Sub-branches are in residential areas; it will take higher costs to have offices on the main roads.</p> <p>Act step. Operations Department will work with Finance Department on the cost implications. Could have a lower salary level for savings cashiers.</p>
3. Track client performance at the individual level and provide incentives for good performance.	
	<p>Act step. WISDOM tracks individual data for loan at disbursement but not at outstanding. Mktg/Ops will work on incentive that takes individual data in to consideration</p>
a. LT future lies in providing loans to individuals rather than groups.	<p>Comm. Most of lending is through groups. The customer is the entrepreneur.</p> <p>Act step. WISDOM will work out to increase number of individual borrowers while maintaining group lending methodology in the rural areas to be more effective.</p>
b. Track data at the client level to develop individual credit histories.	<p>Act step. Individual client history is tracked at disbursement whereas outstanding is tracked at group level. WISDOM will work to have data of outstanding at individual client level.</p>
4. Improve collection and delinquency management.³	
a. The first client visit should occur within 24 hours of the delinquency.	<p>Act step. Operations will reinforce with call or visit the client immediately once delinquency occurs. The manual section 12.1.1 needs to be updated.</p>

³ Detail Analysis on causes of delinquency and recommended action steps given in Annex A

COMMENTS	ACTION STEPS
b. Determine the causes of delinquency.	Comm. Scheduling of loans can be a problem. Training events will include scheduling of loans. Act step. Exit surveys will give information on why clients are delinquent.
c. Explain the repercussions of delinquency and seek agreement	Act step. Operations will ensure that clients receive collection plans for each loans. Need to be added to the Operations Manual.
d. Credit officer visit the guarantor.	Comm. Train branch managers on procedures. (Operations Manual 10.2) Need to update Operations Manual to include guarantors and co-signors. Act step. Operation will revise the manual
e. In group lending methodologies the credit officer has the responsibility of organizing and advising on conduct collection activities.	Comm. Train the branch managers on the procedures in the Operations Manual. Act step. WISDOM have had quarterly management meeting including branch managers where portfolio issue is the main agenda. WISDOM will continue quarterly meeting with emphasis on delinquency management
f. Credit officers should submit a written record of all collection visits to the their supervisor.	Comm. Train branch managers on procedures. Get feedback on how effective they are. Act step. Operation will organize collecting best practices and share with others
g. After the first steps fail, the CO should enlist the help of their supervisor.	Comm. Train on 12.1 section in the Operations Manual. See especially 12.1.5. Receive feedback on procedures. Act step. CO will report and ask for assistance
h. If further steps fail, the supervisor or CO should refer to the local authority.	Comm. Is this working? Need to get reality check with the Branch Managers. Act step. Branch managers will reinforce involving local authority in assisting COs
5. Switch to declining balance calculation at a higher nominal interest rate.	
	Act step. Business plan projections should include declining balance rates for some newer larger loan products.
6. Redesign the consumption loan to provide terms to reflect its actual use.	
Train field staff on the intention of the product. Train field staff on to ensure collection of the loan. Need to review the policies to see how the collateral can be collected.	Operations together with training and Administration will arrange training session to loan officers. Due attention will be given to product features, work of loan officer and other operational issues
7. Redesign the seasonal or “special” loan,	
Need short-term loans for September. Need to develop the product and test it using MicroSave procedures on new product roll out.	Act step. WISDOM will bring the consumer loan product to its original purpose of meet clients’ financial need during seasons requiring small loan size.

COMMENTS	ACTION STEPS
8. Prioritize new product development loans first.	
	WISDOM will refine existing and developing new loan products while introducing new saving products
a. Review lessons from others	Accepted to review lessons in existing loan products when developing new products
b. Limit the number of products tested.	Done.
c. Set targets for performance.	Act step. Marketing will Prepare pilot testing protocol.
d. Improve feedback loop.	Marketing will do this.
e. Set plan for roll out	Dates will be set.
9. Update the credit officer incentive system.	
	Incentive scheme will be updated together with revision of salary and benefits
a. No incentive paid on revenue.	Portfolio size will include in the letter of appointment for field assistants and credit officer. Include portfolio size as part of the incentive. Incentives for portfolio size in the incentive package. Perhaps up to 10% increase in monthly salary. Operations will suggest the portfolio size for 5%, 7.5%, and 10% increases.
b. Branch Managers should incorporate head office charges, financial expenses,	WISDOM will review cost structure to include head office costs as branch financial costs
c. Consider stock options	General Manager will follow up.
10. Institute better cash and liquidity management practices.	
a. Assign a responsible person.	Finance Manager is the assigned manager. In his absence, the Senior Finance Office is responsible. Need to revise the Finance Manual section by section. Finance Manager will write a draft and outsource to a firm through a competitive proposal.
b. Determine the scope of authority.	Finance Manager will be requiring a branch cash flow projection.
c. Define acceptable liquidity instruments.	Sub branches will move cash to interest bearing account for 3% interest. With savings from clients WISDOM will need to pay 3% on the savings, the funds should be put into the interest bearing account.
d. Describe methodology for liquidity planning.	Finance Department will require monthly cash flow requirements for January, by January 5. Will need to train branch accountants by October 5. Sub branch accountants will be trained November 3 and December
e. Set operating parameters	Currently board approval is up to 40,000 birr for cash carrying. Approval above this is the Operations Manager. The Finance Manual should specify levels at each level based on performance of the sub branch and branch.

COMMENTS	ACTION STEPS
f. Communication channels.	Finance manual will address the requirements.
g. Focus on net cash.	Finance Manager does not agree with recommendation. Savings is small; disbursements are large. All cash should flow through the bank for internal control.
11. Reconsider its branch model	
a. Non-credit staff should have a stronger oversight by Finance in the branch.	Finance agrees that the Branch Managers should not help to consolidate the financial reports. The Finance Manager would supervise Branch Accountants and complete the performance evaluation together with the Branch Manager.
d. Explore different methods using data entry centers.	Finance is considering only 3 data points countrywide. With eMerge have a data in putter and a data authorizer.
12. Develop a field audit program.	
a. Use established questionnaires.	The Department is a new department. Developing a manual with questionnaires, internal control procedures. Internal audit manager reports to the Board Chair, but for administrative procedures report to the General Manager. Have completed questionnaires for draft manual.
b. Sample of loan and transaction documents.	Comm. Get input from branch managers and high performing credit officers how the system can be tightened to avoid ghost loans. Act step. Regarding ghost loans, the Risk department would look for legal documentation, and ask the Branch Managers to see the clients face to face.
	Comm. On branch managers having oversight over 50 bank accounts, Head Office could receive first hand the bank statements. Try to see abnormal payments. Act step. WISDOM should consider strengthen the accountability of the branch accountants to their line of authority to the Finance Manager rather than the Branch Managers. This will lower the risk to the organization.
	Comm. Issue of field assistants handling money. WISDOM needs to move toward separation of duties between accounting and operations staff. Act step. Field assistants will not handle cash
	Comm. Regarding reporting lines, the Business Risk Manager will continue to report to the Board Chair. An alternative is to report to the Board Treasurer. Act step. The manager will report to Board Treasurer
i. Rotating auditors	The audit Team will be organized at the branch level or the Head office level.

Branch Analysis of Delinquency

Following is summary of group discussion by head office, branch and sub-branch staff during delinquency management training held with technical assistance from World Vision US. The discussion mainly based on recommendation of the USAID IGP final evaluation on portfolio quality. It mainly focuses on identifying causes of delinquency and recommended action step to maintain quality portfolio. Accordingly, the groups has identified, based on their experience, that causes are operational, HR, Finance and External factors.

Operational Causes

- Selection of operational area (Shone S.B)
 - New operational needs to be based on market research and opinion and experience of field staff of the area.
- Poor Client Screening
 - Pair senior officers with new staff to learn the procedures.
 - Training of quantity with quality of portfolio for new staff.
 - Focus on building a high quality portfolio for new staff.
 - Strong loan committee.
 - Visit individual businesses in Solidarity Groups to verify the business and group.
 - When a group applies, the CO should verify names of clients and residency using additional documents and visits.
 - Utilize character references.
 - Photo on the passbook.
 - The CO1 should be present at some trainings for SG.
 - Consider reducing the caseload of CO1 due to the supervisory responsibility with Field Assistants.
- Absence of follow-up due to lack of transportation, shortage of staff and staff turnover.
 - Each Branch & Sub-Branch manager will ensure that follow-up visits are done immediately after delinquency occurs.
 - Document by client and date that visit has occurred, done in a proper manner and done regularly.
 - Use follow-up form for delinquent visits. See Appendix I of IGP Final evaluation.
 - Use form for regular follow-up visit once a month for each group.
 - This form needs to be redesigned and simplified.
 - Give suggestions in writing to Head Office.
- Policy of CO work load
 - Facilitate that the groups in one kabele would meet on one day so that the CO can meet with more groups.
 - Have several groups from one or two kabele meet at one time (public gathering) every other month.
 - The passbook is only for savings, it should also include the loan balance. The CO has difficulty reconciling the loan ledger with client's loan balance because there is no credit balance in the passbook.

- Discuss with groups the subsequent loan two or three months before the end of the current loan. This ensures no delay in disbursement of subsequent loan. If there are difficult members in the group, this discussion can occur at the end of the loan period so difficult member can leave the group without defaulting on the loan.
 - A loan disbursement plan at least three months per CO and Branch.
 - A collection plan for at least one month per CO and Branch.
 - The current system is only for regular loans. Agricultural loans are excluded. The system needs to show the interest payments on balloon loans.
 - If we expect the clients to be on time, WISDOM must be on time in disbursing loans.
- Overload client caseloads and staff incentives
 - Branch managers should ensure that reports are timely and accurate to the head office.
 - The communication between the branch and the head office, such as TMS reports, needs to be prompt and expedient. This is especially for the head office.
 - Each field staff needs to submit regular and timely reports to branch managers.
 - There needs to be a cut off date for reports. CO should report the first day of the month.
- Time of disbursement and collection
 - Follow seasonal disbursement and collection, especially harvest season
- Abusing authority (favoritism)
 - Try to establish good relationship with local authorities
- Ineffective implementation of screening procedure (Lack of genuine information)
 - Less information exchanged between MFI's
- Delay of response from Head Office (promotion, demotion, reprimands, contacting government bodies)
 - Immediate action to be taken by training and Administration section when a staff leave the institution
- Poor Client training and Loan Appraisal
 - CO must give adequate training at inception phase and need to train during follow-up
- Problem of allocating the loan size and term.
 - The amount of loan size vis á vis the client business and the market is not well matched. This should be under the area context.
 - Consider loan terms of greater than 12 months. For enterprise and business loans of greater than 12 months, there should be very good collateral in case the client defaults on the loan.
 - For animal husbandry there is a potential of more than 12 months, but not wide support.
- Business failure and natural disasters
 - Policy manual already requires that the client must have existing business.
- Unseasonable Loan Disbursement
 - The installment should match the payment period for consumer loans. For example, the repayment should match the salary pay period.

- Less cohesiveness among clients
 - In the process of the orientation training, there should be a way that the group is cohesive.
 - Field staff would make a close contact and follow up with the group leaders and the group members.

External Causes

- Political Influence
 - Watch the changes in the political instability and plan collection and disbursement accordingly
- Drought
 - Attentively follow-up harvest status and repayment capacity, especially agricultural loans
- Lack of Government participation
 - Try to establish good relationship with government authorities
- Client Mobility
 - Have information on which group of people or business are mobile and limit accordingly
- Market Contamination (Other MFI's that initiate non-payment)
 - Facilitate with local network and the regulating body
- Client lack of appropriate knowledge about their new businesses (inappropriate diversification)
 - Facilitate for BDS training
- Client behavior (not willing to pay)
 - Try to establish customer loyalty
- Bankruptcy of the Client's businesses
 - Search for alternative insurance scheme with insurance companies
- Ineffective and delayed legal process
 - Have lawyer at branch level to follow-up legal cases
- Unpredictable crisis of the clients (clients give priority for other purposes)
 - Search for alternative insurance scheme with insurance companies
- Lack of enough infrastructure
 - Capacitate branch offices with equipments
- Termination of Government Staff
 - Closely work with government offices to follow-up consumption loan clients
- Tax Impact
 - Closely follow-up with businesses addressed, which are impacted by change in the tax system

Human Resources

- Maternity leave and annual leave
 - Maternity leave – The branch manager will need to plan in advance for the leave. Specific loans need to be handled on a case by case situation.
 - Annual leave has the potential to be a problem in delinquency. Some CO's and Branch Managers are not taking annual leave.

- Annual leave needs to be planned and implemented at branch level at least 6-12 months in advance in the operational plan. This needs to be apart of the HR plan. The MFI industry has a compulsory plan for annual leave. It is a best practice of MFI's.
 - Coverage of people taking annual leave may reveal ghost clients on their caseload. Annual leave is an internal control issue.
 - There needs to be a rotation of portfolio so when someone is on leave they can take over the portfolio.
- Staff motivation and morale
 - Salary adjustment and benefit package review
 - Revise performance measurement
 - Create staff ownership of the institution
- Lack of training for new staff
 - Organize training to loan officers
 - Include support staff in the training scheme
- On-time employment of staff – either as replacement or new
 - Need immediate employment for smooth transition of client portfolio
 - Recommend to decentralization recruitment procedure
- high staff turnover
 - will do a labor cost study
 - There needs to be a spiritual staff retreat once or twice a year.
- Issue of mixing disciplinary and performance issues.
 - If employee has disciplinary issues and their portfolio is good there should be separate action taken to address the issue.
 - Disciplinary actions need to be time bound. The branch manager needs a clear prerogative regarding disciplinary actions for employees.
 - The issue of multiple responsibilities for Field Assistants. There needs to be separate responsibilities.
- Salary Adjustment
 - The system has moved some CO's to FA, this is a disappointment to experienced senior staff.
 - The experienced staff is important for training new staff.
 - The Bible example of Matthew of the master recruiting at different hours but paid the same amount. This is disappointment to experienced staff.
 - Competitive salary and benefit package.
 - Career development for staff including distance education opportunities.
- On-time purchase of equipment – i.e. computer, printers, motorcycles
 - Sodo – Branch Managers is using bicycles – it is exhausting and can not work efficiently. Recommends: motorcycle.
 - There is the overlap of one computer. The FA is working on computer and the operation staff cannot work on computer.
- Finances
 - Delaying of loan fund and transferring cash from Durame with Sodo Branch (without any information). There needs to be prior communication before going to bank. The finance department needs to communicate with the

Branches so they know their balances. This affects on-time lending and image of Wisdom with clients.

- Delaying of Incentive Payment
- Inadequate Budget Plan
 - Telephone, hospitality, per diem expenses need to be increased

Finance Issues

- There is a system issue, especially for Ambo sub branch. There are 34 loans that are ready to be written off by the head office, but these loans are on time!
- Shortage of loan fund
- Marketing needs to also include signs, logos, and a brand image. It is beyond just market surveys.
- The system is weak in tracking individual loans that are replenished and that are provided on a batch system.
 - Recommendation
 - The finance officers should sit with branches where this is happening.
- Lack of timely internal audit.
 - Recommendation
 - A sub branch should be audited on a quarterly basis by internal audit.
 - Lack of follow up by head office staff.
 - Recommendation
 - The head office will develop an customer orientation where the branches will be the customers of the head office.
 - These services by the head office include visiting sub branches and clients.
 - Performance of the head office staff will be determined by the feedback from the customers / branch office staff.
 - Head office staff need to spend a percentage of their time out in the field.
- Other Issues
 - Lack of permanent office (rather than renting).
 - People complain that this is not stable and they will leave the area with the client's money.
 - Absence of safe box –especially Shone (when reopened some equipment moved to another branch)
 - During expansion – ask Branch manager and staff on how to market the new areas for MFI's.

Best Practices in delinquency management currently used

- Immediate Client Follow-up by CO's and Branch Managers
- Use Group collateral
- Good relationship with Kebele & Woreda leaders
- Accusing the delinquent client at Woreda & Zone court
- Before we go to court:
 - It is better to contact different personalities (elders, religious leaders, guarantors)
- Frequent client follow up
- Offset the savings on time (within 60 days)

- Awareness – by informing the guarantor
- Legal step
- Develop systems that provide information to field staff
- Serious discussion with the clients about their problem & advice services
- Give warning letter
- Cooperate with Government bodies (local authorities)
- Start Court Case
- Frequent follow-up of the court case

Before delinquency occurs, serious client handling, regular visiting (Prevention is better than cure).

Action Plan

- The CO must be dedicated
- Serious follow-up and client screening
- Staff ownership and belonging

Appendix B

Simplified financial and operational reports (Table a and b)

TABLE -1a*WISDOM Micro Financing Institution (s.c)**Simplified Activity and Financial Statement as on September 30, 2005**Figures shown in US dollars**Projection based on an exchange rate of Birr 8.6 = US\$1:00**Actual results based on an exchange rate of Birr 8.6364 = US\$1:00*

ACTIVITIES	Projections	Actual Results
	As on September 30, 2005	As on September 30, 2005
Amount of loans outstanding. Start of year	2,162,551	2,162,551
Amount of loans outstanding, End of year	3,469,055	3,087,602
Avg. amount of loans outstanding (Note-1)	2,815,803	2,625,077
Number of loans (borrowers) outstanding	28,800	27,388
Average loan size (Note-2)	98	98
Portfolio at risk > than 30 days	5%	5.30%
Long run loss rate (Note-3)	3.0%	2.80%
INTEREST RATES		
Nominal interest rate charged by program	13%	13%
Local inter-bank interest rate (Note-4)	4.8%	3.8%
Inflation rate	7.0%	4%
CLIENT REVENUES (Note-5)		
Interest income from clients	520,494	341,905
Fee income from clients	172,683	177,545
Total client revenues	693,177	519,450
NON—FINANCIAL EXPENSES		
General operating expenses	415,471	369,389
Depreciation of fixed assets	45,297	14,975
Loan loss provision	111,281	132,907
Total non-financial expenses	572,049	517,271
ADJUSTED FINANCIAL EXPENSES		
Adjusted financial expenses	133,751	98,440
TOTALS		
Total Expenses	705,800	615,711
Return on Operations	98%	84%
Total Number of voluntary saving	7,832	5,242
Total savings outstanding (Note-6)	22,679	63,873
Percent women borrowers	50%	47%
Number of total staff (Note-7)	268	194
Number of Credit officers	108	78
Number loans outstanding w/ initial balance > \$300	7,500	7,963

*Note-1: Represents average of loan outstanding balances at the beginning and end of the period**Note- 2: Represents value of loan outstanding divided by the number of separate active clients**Note-3: Represents loan written off divided by the average loan outstanding**Note-4: Represents the 7.5% interest rate charged by Development Bank of Ethiopia on loans to MFIs**Note-5 Revenues includes interest on loans, fees and other income**Note-6: Total saving outstanding refers to the voluntary saving balance and does not include the current compulsory saving balance shown in the institution's balance sheet**Note-7: Number of total staff includes all employees including security guards*

TABLE -1b

WISDOM Micro Financing Institution (s.c)

Aging of Portfolio Report

In US dollar - 8.6birr = US\$1.00

As of December 31, 2003

	# of loans	# of Borrowers	%	Out/s Balance	Percent (Out/s balance)
Current loans	6,513	20,785	75.89%	2,655,528	86.01%
1-30 days	1,150	3,670	13.40%	269,534	8.73%
31-60 days past due	351	1,120	4.09%	60,244	1.95%
61-90 days past due	208	664	2.42%	35,954	1.16%
Over 90 days past due	360	1,149	4.20%	66,342	2.15%
TOTALS	8,582	27,388	100%	3,087,602	100%

INVENTORY REPORT
Wisdom Microfinancing Institution

S/N	Location	Types of Capital Equipments	Serial/Moter/ Shansi No.	Plate No.	Payment Ref.	Date Purch.	Acquition Cost		Product	Name of Company	Remark
							Birr	USD			
1	Head Office	Server , Dell powerege 2800			CDV039/2005-H	08.08.2005	63,670.00	7,346.26	USA	Alta Computec plc, Ethiopia	

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